

March 1, 2018

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**RE: Noncredit inclusion in proposed Student-Focused Apportionments Formula**

Dear Chancellor King and Executive Vice Chancellor Dowd:

On behalf of our noncredit coalition, we are writing to you as the chairs of the CEO and CBO workgroups on the proposed funding formula change for community colleges. Our coalition would like to bring your attention to what we would consider flaws in the administration's proposed new funding formula, and point out opportunities we see for noncredit that we believe should be included in the funding formula discussion.

Under the proposed change, one-quarter of base funding would be appropriated based on the number of low income students that an institution serves. This "Supplemental Grant" would be based on the number of students that an institution serves that receive a College Promise Grant fee waiver (formerly known as a Board of Governors Waiver) and the number of students that receive a Pell grant.

Additionally, another quarter of funding would be allocated based on performance measures defined as the number of students who complete a degree or certificate or who transfer in three years or less. These two measures do not work for measuring outcomes or success for noncredit students.

In examining the state as a whole, noncredit courses are a small percentage of the overall FTES that community colleges generate annually. However, the FTES generated by certain community college district makes up a significant portion of those districts' FTES.

Specifically, noncredit students do not receive a College Promise Grant fee waiver because there is not fee requirement for the courses. Additionally, the students also do not receive a Pell grant because there is not credit associated with the courses. The proposed success metrics for success are also inappropriate for measuring noncredit student achievement.

As you review and make recommendations on the new funding formula, it is important that you keep in mind the impact that the supplemental grant factors will have on districts with large populations of noncredit students.

As you develop your recommendations for the new funding formula, we would recommend the following when considering alternatives for noncredit in the funding formula.

1. Delayed inclusion of Non-CDCP Classes: Non-CDCP noncredit classes serve a very important mission for the California Community College system. These classes, while very impactful to the populations they serve, do not easily fit into the proposed funding formula with regard to success factors. We would suggest delaying the inclusion of non-

CDCP noncredit classes, and continue to fund them under the current apportionment system until specific success metrics that would be easily applicable to the funding formula, are identified. The following recommendations would therefore apply only to CDCP noncredit classes.

2. **Poverty Factor:** Most noncredit students are not wealthy, however because they do not qualify for the California Promise Grant or the Pell Grant it is difficult to identify which would be considered low income. We would suggest assuming that all noncredit students would qualify for financial aid under the provided metrics and folding the poverty factor supplemental grant into the base grant to provide a base of 75% of the noncredit base rate for students. This would ensure that all noncredit students are accounted for in the supplemental grant.
3. **Success Factor:** Success in noncredit courses is measured much differently than in credit courses. We would suggest using the following metrics for success in CDCP noncredit courses:
  - Employment Gains
  - Noncredit Certificates Conferred
  - Transition to Credit
  - Course Success
4. **Managed Enrollment CDCP Classes:** CDCP classes are currently using a positive attendance accounting formula, which means that student attendance hours are counted every hour for the duration of the entire term. We would like to request that CDCP Managed Enrollment classes be funded by census date, as credit does. While CDCP courses are funded at the same rate as credit courses, they actually receive less funding per course because of this funding mechanism. This change would encourage districts to expand noncredit offerings where beneficial as was the intent when FTE funding was equalized with credit.

Thank you for your consideration of this important matter. We would be happy to discuss this issue further as you work to develop your recommendations to the Governor's proposal to develop a new funding formula.

Sincerely,

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Mc Callum Group, Inc.